

Message Text

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ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 XMB-02 OPIC-03

OIC-02 AF-08 ARA-06 EA-07 EUR-12 NEA-10 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 /144 W

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1868

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ACTION STR

E. O. 11652: N/A

TAGS: MTN, ETRD, GATT

SUBJ: SECTORS GROUP MEETING WEEK OF OCT 11; DELEGATION INITIAL
INPUT

I. U.S. DEL RECOMMENDATIONS FOR OCT SECTORS
GROUP MEETING FOLLOW, WORDED IN TERMS OF DRAFT
POSITION PAPER.

II. PROBLEM

THE MTN SECTORS GROUP WILL HOLD ITS SIXTH MEETING
THE WEEK OF OCT 11, 1976. THE GROUP WILL HAVE BEFORE
IT THE TOPICS AND AGENDA OF THE LAST MEETING, THE
CANADIAN PROPOSAL ON COPPER PRODUCTS TRADE, THE ORES
AND METALS STUDY, STUDIES OF SECTORS OF SPECIAL INTEREST TO
DEVELOPING COUNTRIES, AND THE STATISTICAL COMPILATION
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FOR TRADE AND PRODUCTION IN SECTORS NOT COVERED IN EARLIER

PAPERS. IN ADDITION, THE GROUP WILL CONSIDER PAPERS REQUESTED AT THE LAST MEETING: A FEASIBILITY STUDY CONCERNING HANDICRAFT PRODUCTS AND A SECRETARIAT PAPER ON THE IMPLICATIONS OF THE SECTOR APPROACH FOR COPPER IN RELATION TO THE TRADE INTERESTS OF DEVELOPING COUNTRIES.

III. RECOMMENDATIONS.

THE U.S. DEL MAY DRAW UPON THE FOLLOWING POINTS DURING THE GROUP'S DISCUSSION:

1. THE U.S. BELIEVES THAT THE SECTORS GROUP CONTINUES TO PERFORM AN IMPORTANT RESPONSIBILITY IN EXAMINING THE POSSIBILITIES FOR SECTOR NEGOTIATION. THE COMPILATION OF DATA ON IMPORTS, EXPORTS AND DOMESTIC PRODUCTIONS IN REGARD TO THE CHEMICAL, ENGINEERING AND RUBBER AND GLASS INDUSTRIES IS AN IMPORTANT ADDITION TO THE MATERIAL THAT COUNTRIES WILL USE TO MAKE JUDGEMENTS IN REGARD TO THE APPROPRIATENESS OF SECTOR NEGOTIATIONS. THESE COMPILATIONS BUILD ON THE REPORTS ALREADY PROVIDED IN REGARD TO ORES AND METALS AND THE SECTORS OF SPECIAL INTEREST TO THE DEVELOPING COUNTRIES. THE U.S. LOOKS FORWARD TO RECEIVING DATA ON OTHER SECTORS ON WHICH THE SECRETARIAT IS WORKING.

2. IF IT IS APPROPRIATE TO COMMENT ON THOSE REPORTS, THE U.S. DELEGATE MAY NOTE SOME OF THE STRENGTHS AND WEAKNESSES OF THE DATA.

3. IF QUESTIONED IN REGARD TO THE U.S. STEEL STATEMENT OF THE LAST MEETING, THE U.S. DEL SHOULD NOT THE U.S. IS NOT YET PREPARED TO MAKE A PROPOSAL BUT THAT WHEN ONE IS MADE ITS GOAL WILL BE FURTHER LIBERALIZATION OF TRADE IN STEEL.

4. THE U.S. DEL SHOULD QUESTION THE CONTENT AND PURPOSE OF ANY CANADIAN PROPOSAL FOR A NEGOTIATING SUBGROUP ON COPPER OR NONFERROUS METALS BUT NEITHER SUPPORT OR OPPOSE ITS ESTABLISHMENT.
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5. THE U.S. DELEGATE SHOULD OPPOSE THE ESTABLISHMENT OF A SUBGROUP ON HANDICRAFTS AS PREMATURE. AS AN ALTERNATIVE, IF A SUBGROUP IS PROPOSED AND HAS STRONG SUPPORT, THE U.S. DEL COULD SUGGEST IN PLACE OF THE SUBGROUP A BILATERAL NOTIFICATION PROCESS TO ESTABLISH LISTS OF PRODUCTS DEVELOPING COUNTRIES CONSIDER APPROPRIATE FOR SUCH SPECIAL TREATMENT.

IV. DISCUSSION.

AT THE LAST MEETING OF THE GROUP, IT WAS AGREED THAT THE NEXT MEETING WOULD REVERT TO THE POINTS TAKEN UP AT THAT MEETING AND WOULD CONSIDER THE ADDITIONAL DOCUMENTATION WHICH WAS TO BE PREPARED ON HANDICRAFTS AND THE IMPLICATION FOR THE DEVELOPING COUNTRIES OF THE SECTOR APPROACH FOR COPPER. THE POINTS TAKEN UP AND TO BE REVERTED TO WERE THE CANADIAN COPPER PROPOSAL, THE ORES AND METALS STUDIES, THE U.S. STATEMENT OF INTENTION TO PUT BEFORE THE GROUP A PROPOSAL WITH REGARD TO STEEL TRADE, AND THE SECTORS OF INTEREST TO DEVELOPING COUNTRIES.

A. CANADA - COPPER, ETC.

1. CANADA WANTS TO MOVE THE SECTORS GROUP FURTHER DOWN THE ROAD. THE CANADIANS HAVE INFORMALLY SUGGESTED THAT AT THIS MEETING THEY MAY PROPOSE: SECTORAL NEGOTIATIONS ON PAPER AND WOOD PRODUCTS AND ON NONFERROUS METALS, TO INCLUDE COPPER, LEAD AND ZINC, ALUMINUM, AND NICKEL; MODIFICATION OF THEIR MODEL SECTOR PROPOSAL TO PEEL OUT GOVT PROCUREMENT AND SUBSIDY/ COUNTERVAIL, BUT CONTINUE TO INCLUDE ANTIDUMPING AND SAFEGUARDS; AND INTENSIVE BILATERALS TO FOLLOW THE MEETING.

2. IT REMAINS IN THE U.S. INTEREST TO CONTINUE TO WITHHOLD A DECISION ON ANY CANADIAN PROPOSAL TO ESTABLISH NEGOTIATING SUBGROUPS.

E. FIRST, THE EC, JAPAN, AND THE NORDICS ARE LIMITED OFFICIAL USE

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STRONGLY OPPOSED TO ANY SECTOR NEGOTIATIONS AT THIS TIME. WE EXPECT THEY WILL NOT AGREE TO THE ESTABLISHMENT OF ANY SUBGROUPS. IN THIS POSTURE THE U.S. DOES NOT HAVE TO OPPOSE CANADA OR THE EC WHEN NO IMPORTANT U.S. INTERESTS OR OBJECTIVES ARE YET INVOLVED.

4. MORE IMPORTANTLY, THE UNITED STATES IS NOT PREPARED TO ARTICULATE A POSITION. IN REGARD TO COVERAGE, THE U.S. COPPER INDUSTRY IS NOT ENTHUSIASTIC. THE LEAD AND ZINC, NICKEL AND ALUMINUM INDUSTRIES HAVE WIDELY DIVERGENT ECONOMIC AND TRADE PATTERNS THAT WOULD MAKE IT DIFFICULT TO LUMP THEM TOGETHER IN A PRODUCT-SPECIFIC SUBGROUP. IN REGARD TO THE STRUCTURES OF SUCH A MODEL, THE U.S.

DOES NOT WANT TO CONFUSE WHAT AMOUNT TO STRUCTURAL OR
GATT REFORM ISSUES BY TREATING THEM IN A NUMBER OF
PLACES. THE SUGGESTION FOR REMOVAL OF SUBSIDIES/
COUNTERVAIL AND GOVT PROCUREMENT FROM THE MODEL
REFLECTS THIS PROBLEM. THERE IS NO APPARENT RATIONALE
FOR PEELING OUT THESE TWO BUT NOT ANTIDUMPING AND
SAFEGUARDS AS WELL.

5. THE U.S. IS PREPARED TO DISCUSS THE
CANADIAN PROPOSAL (OR SECTORS IN GENERAL) ON A
BILATERAL BASIS WITH CANADA. HOWEVER, WE ARE NOT
SURE WHERE THE CANADIANS INTEND TO GO FROM HERE. THEIR
EXPRESSED DESIRE FOR BILATERALS ON SECTORS APPEARS
TO REFLECT THE REALIZATION THAT THEIR PROPOSALS FOR A
SUBGROUP AT THIS TIME ARE NOT LIKELY TO BE ACCEPTED.

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ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 XMB-02 OPIC-03 OIC-02

AF-08 ARA-06 EA-07 EUR-12 NEA-10 AGRE-00 FEA-01

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /144 W

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1869

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ACTION STR

B. HANDICRAFTS.

1. AT THE LAST MEETING, INDIA REQUESTED A PAPER FROM THE GATT SECRETARIAT ON THE FEASIBILITY OF IDENTIFYING TARIFFS, NONTARIFF MEASURES, AND TRADE FLOWS AFFECTING HANDICRAFTS AS A PRODUCT GROUP. THE SECRETARIAT HAS PRODUCED A PAPER, MTN/SEC/W/16, 3 SEPT 1976, ON THIS TOPIC. THIS PAPER CONCLUDES: "IT APPEARS THAT AN IDENTIFICATION OF TARIFF AND TO A CERTAIN EXTENT ALSO OF NONTARIFF MEASURES AFFECTING TRADE IN HANDICRAFTS PRODUCTS, COULD BE MADE ON THE BASIS OF EXISTING NATIONAL TARIFFS, HANDICRAFT SCHEMES IN FORCE, AND NOTIFICATIONS OF NONTARIFF MEASURES." THIS DECISION OF POSITIVE FEASIBILITY IS BASED ON A REVIEW OF THE SCHEMES PRESENTLY IN FORCE FOR SPECIAL TREATMENT OF HANDICRAFTS IN THE EC, AUSTRALIA, AUSTRIA AND OTHER COUNTRIES. AVAILABLE STATISTICS ARE JUDGED LIMITED OFFICIAL USE

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INADEQUATE TO IDENTIFY MAJOR TRADE FLOWS IN HANDICRAFT PRODUCTS.

2. THE GATT PAPER IS MERELY A REVIEW OF THE SCHEMES IN FORCE AND ACTION IN INTERNATIONAL BODIES. IT IS NOT AN EXAMINATION OF THE IDENTIFIABILITY OF TARIFFS AND NTMS. THE PAPER EXPLICITLY STATES IN PAPA 8 THAT THERE IS NO SPECIFIC INFORMATION ON NTMS AND HANDICRAFTS.

3. THE U.S. SHOULD OPPOSE THE ESTABLISHMENT OF A SUBGROUP ON HANDICRAFTS AT THIS TIME. THE SETTING UP OF SUCH A SUBGROUP WOULD BREAK THE DAM ON NEGOTIATING SUBGROUPS IN SECTORS AND SET A PRECEDENT THE U.S. IS NOT YET READY TO ACCEPT. ON THE OTHER HAND, ACTION IN THIS AREA WOULD PROVIDE POSITIVE EVIDENCE OF S AND D AS WELL AS PRIORITY TREATMENT TO DEVELOPING COUNTRIES IN AN AREA WHERE SOME POTENTIAL ITEMS ARE EITHER SUBJECT TO GSP OR THE U.S. CAN OFTEN MAKE COMMITMENTS TO MAKE THEM SO.

4. THE PROBLEMS CAN BE SEPARATED INTO: (1) GENERAL IDENTIFICATION, DEFINITION OR EX-OUT OF HANDICRAFT ITEMS IN TARIFF SCHEDULES (THE WORK OF THE UNCTAD AND ITS LISTS) AND (2) INTERNATIONALLY APPLICABLE GUIDELINES OF IDENTIFICATION ON THE ADMINISTRATIVE PROCEDURES BY WHICH IMPORTS ARE RECOGNIZED AS HANDICRAFTS (THE WORK OF THE CCC). TO DATE BILATERAL AGREEMENTS HAVE DEFINED THE APPLICABLE PRODUCT SPECIFICATIONS (HANDMADE, TRADITIONAL MATERIALS, ARTISTIC CONTENT, ETC.) AS WELL AS THE PRODUCT CATEGORIES. DETERMINATION OF ELIGIBILITY UNDER THE SCHEMES (AGAIN AGREED BILATERALLY) HAS REMAINED WITH THE IMPORTING COUNTRY OR BEEN GRANTED TO A COMPETENT

CERTIFYING AUTHORITY IN THE EXPORTING COUNTRY.

5. IT MIGHT BE POSSIBLE TO HAVE A DISCUSSION ALONG THE ABOVE LINES WITHOUT ACTUALLY SETTING UP A SUBGROUP. THE U.S. COULD SUGGEST DISCUSSION OF WHETHER OR NOT INTERNATIONALLY AGREED ADMINISTRATIVE PROCEDURES ARE APPROPRIATE AND COULD BE DETERMINED MULTILATERALLY. HOWEVER, THESE WILL HAVE TO BE DETERMINED IN LIGHT LIMITED OFFICIAL USE

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OF THE PRODUCT COVERAGE REQUIREMENTS. EVERY DEVELOPING COUNTRY IS GOING TO HAVE ITS OWN NATIVE HANDICRAFT PRODUCTS AND THE ACCEPTABILITY OF THESE PRODUCT LISTS CAN ONLY BE DETERMINED AND NEGOTIATED BILATERALLY, AS HAS BEEN DONE IN THE PAST. THE LISTS OF ELIGIBLE PRODUCTS NOW VARY QUITE WIDELY AMONG THE DIFFERENT COUNTRIES, DESPITE THE EXISTENCE OF THE UNCTAD LIST.

6. IF THERE IS STRONG EFFORT BY LDCS TO ESTABLISH A HANDICRAFT NEGOTIATIONS SUBGROUP, THE U.S. DELEGATE MAY AS AN ALTERNATIVE PROPOSE THAT THERE BE A BILATERAL NOTIFICATION OF WHAT PRODUCTS THE DEVELOPING COUNTRIES SEE AS APPROPRIATE.

7. IF NECESSARY, THE U.S. DEL CAN INDICATE THAT, AT AN APPROPRIATE TIME, A SUBGROUP COULD BE ESTABLISHED TO CONSIDER GUIDELINES THAT CAN BE TAILORED TO THE PRODUCT LISTS. THIS SUBGROUP COULD DRAW ON THE WORK OF THE CCC, AND ANY OTHER APPROPRIATE GROUP, TO SET UP THE CHARACTERISTICS AND CERTIFICATION PROCEDURES.

C.STEEL.

1. THE U.S. IS NOT YET PREPARED TO PUT FORWARD A PROPOSAL FOR SECTOR NEGOTIATIONS FOR STEEL. IN ANY DISCUSSION OF THIS TOPIC THE U.S. DELEGATE SHOULD EMPHASIZE THAT THE PURPOSE OF SECTOR NEGOTIATIONS IS THE ACHIEVEMENT OF FURTHER LIBERALIZATION AND THAT ANY PROPOSAL BY THE U.S. FOR SUCH NEGOTIATION WILL BE DIRECTED TO THAT GOAL. HE MAY NOTE THAT THERE HAVE BEEN CYCLICAL FLUCTUATIONS AND DISTORTIONS THAT THE U.S. BELIEVES WILL HAVE TO BE RECOGNIZED IF SIGNIFICANT LIBERALIZATION IS TO BE ACHIEVED.

D. SECTOR DATA COMPILATIONS.

1. THE GATT SECRETARIAT WAS REQUESTED TO COMPILE

DATA ON SECTORS NOT COVERED IN EARLIER PAPERS. THE
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SECRETARIAT HAS NOW COMPLETED STUDIES OR COMPILATIONS OF IMPORT AND EXPORT DATA ON THREE ADDITIONAL INDUSTRY OR SECTOR GROUPINGS. THESE INCLUDE ENGINEERING, CHEMICAL AND THE RUBBER AND GLASS INDUSTRIES. WHERE APPROPRIATE THEY HAVE COMPILED PRODUCTION DATA (RUBBER AND GLASS INDUSTRIES) OR THEY HAVE FURNISHED COPIES OF THE ALREADY AVAILABLE STATISTICS FROM, ECOSOC ON THE CHEMICAL INDUSTRY AND OECD FOR THE ENGINEERING INDUSTRIES. THE EARLY PRODUCTION OF THESE THREE REPORTS CONFORMS TO THE U.S. INTEREST IN CHEMICALS, ELECTRONICS, AND HEAVY ELECTRICAL EQUIPMENT. THESE STATISTICAL REPORTS OR COMPILATIONS ARE, HOWEVER, LACKING IN PERSPECTIVE. THE U.S. CAN INDICATE THAT ITS REVIEW OF THE DATA SUGGESTS THAT THE REPORTS WILL BE USEFUL WHEN WE HAVE COMPLETED OUR ANALYSIS OF THEM.

2. IF IT IS APPROPRIATE TO COMMENT ON THE REPORTS THE U.S. DEL MAY COMMENT ON THE STRENGTHS AND WEAKNESSES OF THE DATA.

E. OTHER AGENDA ITEMS.

1. THE GATT SECRETARIAT'S PAPER ON THE IMPLICATIONS OF THE SECTOR APPROACH FOR COPPER IN RELATION TO THE TRADE INTERESTS OF DEVELOPING COUNTRIES WILL BE AVAILABLE THE WEEK OF SEPT 9. THE DELEGATION WILL FORWARD ITS SUGGESTIONS AFTER IT HAS OBTAINED A COPY OF THE PAPER).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, COMMITTEE MEETINGS, TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
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Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by greeneet>; APPROVED <09 SEP 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECTORS GROUP MEETING WEEK OF OCT 11: DELEGATION INITIAL INPUT I. U.S. DEL RECOMMENDATIONS FOR OCT SECTORS
TAGS: ETRD, GATT, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006